

108TH CONGRESS  
1ST SESSION

# S. 1532

To establish the Financial Literacy Commission, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JULY 31 (legislative day, JULY 21), 2003

Ms. STABENOW (for herself, Mr. ENZI, Mr. JOHNSON, Mr. HAGEL, Mr. SCHUMER, Mr. BAYH, Mr. CARPER, and Mr. CORZINE) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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## A BILL

To establish the Financial Literacy Commission, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Financial Literacy  
5       Community Outreach Act”.

6       **SEC. 2. FINDINGS.**

7       Congress finds that—

8               (1) although the evolution of our financial sys-  
9       tem has offered families in the United States many  
10      new opportunities to build wealth and security, the

1 ready availability of credit, an overwhelming array of  
2 investment and savings options, and the shifting of  
3 responsibility for retirement savings from employer  
4 to employee has made the understanding of personal  
5 finance ever more important;

6 (2) many young adults within the United States  
7 have demonstrated difficulty understanding basic fi-  
8 nancial concepts;

9 (3) in surveys of high school seniors conducted  
10 by the JumpStart Coalition for Personal Financial  
11 Literacy—

12 (A) in 1997 participants, on average,  
13 failed, and answered only 57 percent of the  
14 questions correctly;

15 (B) in 2000, the average score fell to 51  
16 percent; and

17 (C) in 2002, disturbingly, on average, only  
18 50 percent of the questions were answered cor-  
19 rectly;

20 (4) in a survey of consumers 18 years and older  
21 conducted by the American Association of Retired  
22 Persons in late 1998, only 11 percent of respondents  
23 correctly answered 4 basic financial questions;

24 (5) a similar survey of 800 defined benefit con-  
25 tribution plan participants conducted by John Han-

1       cock in 2002 found that 50 percent of respondents  
2       said they spend half an hour or less per month man-  
3       aging their retirement funds;

4               (6) households in the United States are not  
5       reaching their full potential in financial manage-  
6       ment, and as a result—

7               (A) the personal savings rate fell to only  
8       1.6 percent of disposable income in 2001;

9               (B) from 1990 to 2000, outstanding credit  
10       card debt among households more than tripled  
11       from \$200,000,000,000 to \$600,000,000,000;

12              (C) in 2001, the total household debt ex-  
13       ceeded total household disposable income by  
14       nearly 10 percent;

15              (D) less than half of all households hold  
16       stock in any form, including mutual funds and  
17       401(k)-style pension plans; and

18              (E) almost half of all workers have accu-  
19       mulated less than \$50,000 for their retirement,  
20       and  $\frac{1}{3}$  have saved less than \$10,000;

21              (7) many Government agencies recognize that  
22       the people of the United States lack expertise in fi-  
23       nancial literacy and are working to help them, in-  
24       cluding efforts by—

1 (A) the Department of Labor and the Fed-  
2 eral Deposit Insurance Corporation, which have  
3 joined together to create “Money Smart”, a  
4 training program to help adults enhance their  
5 money-management skills;

6 (B) the Department of the Treasury,  
7 which has formed the “Financial Services Edu-  
8 cation Council”, and has published a guide  
9 called “Helping People in Your Community Un-  
10 derstand Basic Financial Services”;

11 (C) the Department of the Treasury in  
12 promoting a middle school curriculum called  
13 “Money Math: Lessons for Life”;

14 (D) the Federal Trade Commission, which  
15 publishes information about credit, including  
16 “Credit Matters: How to qualify for credit, keep  
17 a good credit history, and protect your credit”;

18 (E) the Department of Agriculture, which  
19 runs the “Family Economics Program” to as-  
20 sist educators who deliver basic consumer edu-  
21 cation and teach personal financial management  
22 skills to young people;

23 (F) the Securities and Exchange Commis-  
24 sion, which has an Office of Investor Education  
25 and Assistance;

1 (G) the Board of Governors of the Federal  
2 Reserve System, which has developed materials  
3 explaining how to use credit responsibly, obtain  
4 a mortgage, build wealth, and lease a car;

5 (H) the Department of Housing and  
6 Urban Development in funding housing coun-  
7 seling agencies nationwide that provide advice  
8 on how to save for and buy a home; and

9 (I) the Government Services Administra-  
10 tion in hosting the Federal Consumer Informa-  
11 tion Center, which has an electronic catalogue  
12 of information about Federal financial literacy  
13 programs;

14 (8) there is very little coordination among Fed-  
15 eral programs, resulting in duplication of effort and  
16 a confusing array of information spread among  
17 many agencies;

18 (9) there is a serious problem with financial il-  
19 literacy among many low-income consumers, who  
20 often—

21 (A) do not have a relationship with a  
22 mainstream financial services provider;

23 (B) lack experience and information about  
24 personal finance; and

1 (C) are ill-prepared to make informed fi-  
 2 nancial decisions;

3 (10) many people in the United States—

4 (A) are in a precarious financial position  
 5 because they lack an understanding of economic  
 6 and financial fundamentals and of financial  
 7 planning;

8 (B) are forgoing opportunities to build  
 9 wealth by failing to target their investments to  
 10 higher yielding, yet secure savings vehicles; and

11 (C) are failing to adequately plan and save  
 12 for retirement; and

13 (11) financial literacy is the foundation that  
 14 supports—

15 (A) economic independence for the citizens  
 16 of the United States; and

17 (B) the functioning of our free market  
 18 economy.

19 **SEC. 3. DEFINITIONS.**

20 As used in this Act—

21 (1) the term “Commission” means the Finan-  
 22 cial Literacy Commission established under section  
 23 101; and

1           (2) the term “financial literacy” means basic  
2       personal income and household money management  
3       and planning skills, including—

4                   (A) saving and investing;

5                   (B) building wealth;

6                   (C) managing spending, credit, and debt  
7       effectively;

8                   (D) tax and estate planning;

9                   (E) the ability to ascertain fair and favor-  
10      able credit terms and avoid abusive, predatory,  
11      or deceptive credit offers;

12                  (F) the ability to understand, evaluate,  
13      and compare financial products, services, and  
14      opportunities; and

15                  (G) all other related skills.

## 16       **TITLE I—FINANCIAL LITERACY** 17                   **COMMISSION**

### 18       **SEC. 101. ESTABLISHMENT OF FINANCIAL LITERACY COM-** 19                   **MISSION.**

20           (a) IN GENERAL.—There is established a commission  
21   to be known as the Financial Literacy Commission.

22           (b) PURPOSE.—The Commission shall serve to im-  
23   prove the financial literacy of persons in the United States  
24   by overseeing, implementing, and reporting upon the ef-

fects of the performance of the duties of the Commission  
set forth in section 102.

(c) MEMBERSHIP.—

(1) COMPOSITION.—The Commission shall be  
composed of not more than 19 members, including—

(A) the Comptroller of the Currency;

(B) the Secretary of Agriculture of the Department of Agriculture;

(C) the Secretary of Education of the Department of Education;

(D) the Secretary of Housing and Urban Development of the Department of Housing and Urban Development;

(E) the Secretary of Labor of the Department of Labor;

(F) the Secretary of the Treasury;

(G) the Chairman of the Federal Deposit Insurance Corporation;

(H) the Chairman of the Board of Governors of the Federal Reserve System;

(I) the Chairman of the Federal Trade Commission;

(J) the Administrator of General Services of the General Services Administration;



1 (K) the Commissioner of the Internal Rev-  
2 enue Service;

3 (L) the Chairman of the National Credit  
4 Union Administration Board;

5 (M) the Director of the Office of Thrift  
6 Supervision;

7 (N) the Chairman of the Securities and  
8 Exchange Commission;

9 (O) the Administrator of the Small Busi-  
10 ness Administration;

11 (P) the Commissioner of the Social Secu-  
12 rity Administration; and

13 (Q) at the discretion of the President, not  
14 more than 3 individuals appointed by the Presi-  
15 dent from among the administrative heads of  
16 any other Federal agency, department, or other  
17 Government entity, whom the President believes  
18 would be helpful in implementing the purpose of  
19 the Commission.

20 (2) DESIGNEES.—The individuals referred to in  
21 paragraph (1) may appoint a designee from within  
22 the department or agency of that individual to serve  
23 as a member of the Commission.

1 (d) FEDERAL EMPLOYEE REQUIREMENT.—Each  
2 member of the Commission shall be an officer or employee  
3 of the United States.

4 (e) CHAIRPERSON.—The Commission shall select a  
5 Chairperson from among its members. The Secretary of  
6 the Treasury, or the designee thereof under subsection  
7 (c)(2), shall chair the initial meeting of the Commission.

8 (f) VICE CHAIRPERSON.—The Commission shall se-  
9 lect a Vice Chairperson from among its members.

10 (g) VACANCIES.—Any vacancy in the Commission  
11 shall be filled in the same manner as the original appoint-  
12 ment or designation, as provided under subsection (c).

13 (h) INITIAL MEETING.—The Commission shall hold  
14 its first meeting not later than 60 days after the date of  
15 enactment of this Act.

16 (i) MEETINGS.—

17 (1) SEMIANNUAL MEETINGS.—The Commission  
18 shall hold, at the call of the Chairperson, 1 meeting  
19 every 6 months to conduct necessary business. All  
20 such meetings shall be open to the public.

21 (2) DISCRETIONARY MEETINGS.—The Commis-  
22 sion may hold, at the call of the Chairperson, such  
23 other meetings as the Chairperson sees fit to carry  
24 out this Act.

1 (j) QUORUM.—A majority of the members of the  
2 Commission shall constitute a quorum, but a lesser num-  
3 ber of members may hold hearings.

4 (k) EXECUTIVE COMMITTEE.—

5 (1) IN GENERAL.—The Commission shall estab-  
6 lish an Executive Committee comprised of—

7 (A) the Chairperson;

8 (B) the Vice Chairperson; and

9 (C) 3 at-large members selected by the  
10 Commission from among members appointed  
11 under subsection (c).

12 (2) TERM.—Members of the Executive Com-  
13 mittee selected under paragraph (1)(C) shall serve  
14 for such time as determined by the Commission.

15 (3) MEETINGS.—The Executive Committee  
16 shall hold, at the call of the Chairperson, 1 meeting  
17 every 2 months to conduct necessary administrative  
18 business.

19 (4) QUORUM.—A majority of the members of  
20 the Executive Committee shall constitute a quorum.

21 **SEC. 102. DUTIES OF THE COMMISSION.**

22 (a) IN GENERAL.—The Commission, through the au-  
23 thority of the members referred to in section 101(c), shall  
24 take such actions as it deems necessary to streamline, im-

1 prove, or augment the financial literacy programs, mate-  
2 rials, and grants of the Federal Government.

3 (b) WEBSITE.—

4 (1) IN GENERAL.—The Commission shall estab-  
5 lish and maintain a website, and attempt to register  
6 the domain name “FinancialLiteracy.gov”, or, if  
7 such domain name is not available, a similar domain  
8 name.

9 (2) PURPOSES.—The website established under  
10 paragraph (1) shall—

11 (A) serve as a clearinghouse of information  
12 about Federal financial literacy programs;

13 (B) provide a coordinated entry point for  
14 accessing information about all Federal publica-  
15 tions, grants, and materials promoting en-  
16 hanced financial literacy;

17 (C) offer information on all Federal grants  
18 to promote financial literacy, and offer informa-  
19 tion to the public on how to target, apply for,  
20 and receive a grant that is most appropriate  
21 under the circumstances;

22 (D) as the Commission considers appro-  
23 priate, feature website links to private sector ef-  
24 forts, such as the JumpStart Coalition for Per-  
25 sonal Financial Literacy, and feature informa-

1           tion about private sector financial literacy pro-  
2           grams, materials, or campaigns;

3           (E) highlight information about best prac-  
4           tices for teaching and promoting financial lit-  
5           eracy; and

6           (F) offer such other information as the  
7           Commission finds appropriate to share with the  
8           public in the fulfillment of its purpose.

9       (c) TOLL FREE HOTLINE.—The Commission shall  
10      establish a toll-free telephone number that shall be made  
11      available to members of the public seeking information  
12      about issues pertaining to financial literacy.

13      (d) DEVELOPMENT AND DISSEMINATION OF MATE-  
14      RIALS.—The Commission shall—

15           (1) develop materials to promote financial lit-  
16      eracy; and

17           (2) disseminate such materials to the general  
18      public.

19      (e) ADMINISTRATION OF GRANT PROGRAMS.—

20           (1) AUTHORITY.—The Commission shall be au-  
21      thorized to establish and implement grant programs  
22      to promote financial literacy.

23           (2) ELIGIBILITY.—Grants awarded under para-  
24      graph (1) may be awarded to schools, non-profit or-  
25      ganizations, units of general local government, faith-

1 based organizations, and such other entities as de-  
2 termined eligible by the Commission.

3 (3) PREFERENCES.—In awarding grants under  
4 paragraph (1), the Commission shall—

5 (A) give preference to entities that have a  
6 demonstrated record of serving communities  
7 with people who have historically had either  
8 limited or no access to financial literacy edu-  
9 cation; and

10 (B) to the extent practicable, award grants  
11 to as many entities eligible under paragraph (2)  
12 as possible.

13 (f) INITIAL AND ANNUAL REPORTS.—

14 (1) INITIAL REPORT.—

15 (A) IN GENERAL.—Not later than 18  
16 months after the date of the first meeting of  
17 the Commission, the Commission shall issue an  
18 initial report to the Committee on Banking,  
19 Housing, and Urban Affairs of the Senate and  
20 the Committee on Financial Services of the  
21 House of Representatives on the progress of the  
22 Commission in carrying out this Act.

23 (B) CONTENTS.—The report required  
24 under subparagraph (A) shall—

1 (i) identify all Federal programs, ma-  
2 terials, and grants which seek to improve  
3 financial literacy, and assess the effective-  
4 ness of such programs; and

5 (ii) identify all actions that the Com-  
6 mission has taken to streamline, improve,  
7 or augment the financial literacy pro-  
8 grams, materials, and grants of the Fed-  
9 eral Government.

10 (2) ANNUAL REPORT.—

11 (A) IN GENERAL.—Not later than Novem-  
12 ber 30 of each year, the Commission shall sub-  
13 mit to the Committee on Banking, Housing,  
14 and Urban Affairs of the Senate and the Com-  
15 mittee on Financial Services of the House of  
16 Representatives a report detailing the activities  
17 of the Commission during the preceding fiscal  
18 year, and making recommendations on ways to  
19 enhance financial literacy in the United States.

20 (B) CONTENTS.—The report required  
21 under subparagraph (A) shall include—

22 (i) information concerning the content  
23 and public use of the website established  
24 under subsection (b);

1 (ii) information concerning the usage  
 2 of the toll-free telephone number estab-  
 3 lished under subsection (c);

4 (iii) summaries of the financial lit-  
 5 eracy materials developed under subsection  
 6 (d), and data regarding the dissemination  
 7 of such materials;

8 (iv) information about the activities of  
 9 the Commission planned for the next fiscal  
 10 year;

11 (v) a summary of all Federal efforts  
 12 to reach out to communities that have his-  
 13 torically lacked access to financial literacy  
 14 materials and education; and

15 (vi) such other materials relating to  
 16 the duties of the Commission as the Com-  
 17 mission deems appropriate.

18 (g) PERIODIC STUDIES.—The Commission may con-  
 19 duct periodic studies regarding the state of financial lit-  
 20 eracy in the United States, as the Commission determines  
 21 appropriate.

22 **SEC. 103. POWERS OF THE COMMISSION.**

23 (a) HEARINGS.—The Commission may hold such  
 24 hearings, sit and act at such times and places, take such



1 testimony, and receive such evidence as the Commission  
2 considers advisable to carry out this Act.

3 (b) ADVISORY COMMITTEES.—The Commission shall  
4 establish not fewer than 1 advisory committee, consisting  
5 of representatives of lending institutions, financial literacy  
6 nonprofit organizations, consumer advocates, State and  
7 local governments, and such other individuals that the  
8 Commission believes could contribute to the work of the  
9 Commission.

10 (c) INFORMATION FROM FEDERAL AGENCIES.—The  
11 Commission may secure directly from any Federal depart-  
12 ment or agency such information as the Commission con-  
13 siderers necessary to carry out this Act. Upon the request  
14 of the Chairman, the head of such department or agency  
15 shall furnish such information to the Commission.

16 (d) GIFTS.—The Commission may accept, use, and  
17 dispose of gifts or donations of services or property.

18 **SEC. 104. COMMISSION PERSONNEL MATTERS.**

19 (a) COMPENSATION OF MEMBERS.—Each member of  
20 the Commission shall serve without compensation in addi-  
21 tion to that received for their service as an officer or em-  
22 ployee of the United States.

23 (b) TRAVEL EXPENSES.—The members of the Com-  
24 mission shall be allowed travel expenses, including per  
25 diem in lieu of subsistence, at rates authorized for employ-

ees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Commission.

(c) STAFF.—

(1) IN GENERAL.—The Chairperson of the Commission may, without regard to civil service laws and regulations, appoint and terminate an executive director and such other additional personnel as may be necessary to enable the Commission to perform its duties. The employment of an executive director shall be subject to confirmation by members of the Commission.

(2) COMPENSATION.—The Chairperson of the Commission may fix the compensation of the executive director and other personnel without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification of positions and General Schedule pay rates, except that the rate of pay for the executive director and other personnel may not exceed the rate payable for level V of the Executive Schedule under section 5316 of title 5, United States Code.

(3) DETAIL OF GOVERNMENT EMPLOYEES.—  
Any Federal Government employee may be detailed

1 to the Commission without reimbursement, and such  
 2 detail shall be without interruption or loss of civil  
 3 service status or privilege.

4 (4) TEMPORARY AND INTERMITTENT SERV-  
 5 ICES.—The Chairperson of the Commission may  
 6 procure temporary and intermittent services under  
 7 section 3109(b) of title 5, United States Code, at  
 8 rates for individuals which do not exceed the daily  
 9 equivalent of the annual rate of basic pay prescribed  
 10 for level V of the Executive Schedule under section  
 11 5316 of title 5, United States Code.

12 **SEC. 105. TERMINATION.**

13 The Commission shall terminate on September 30,  
 14 2013.

15 **SEC. 106. AUTHORIZATION OF APPROPRIATIONS.**

16 There are authorized to be appropriated to the Com-  
 17 mission such sums as may be necessary to carry out this  
 18 Act, including administrative expenses of the Commission.

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